

December 29, 2005

Mr. Phil Sachtleben
Executive Director
Legislative Services Agency
200 West Washington, Suite 301
Indianapolis, Indiana 46204-2789

Dear Mr. Sachtleben:

On behalf of the Indiana Public Higher Education Institutions, I am forwarding in electronic form the report required by Senate Enrolled Act 474 (SEA 474).

Please distribute the report to members of the Budget Committee and Legislative Council as appropriate per SEA 474.

If you have any questions regarding the report, please contact me at (765) 494-9705.

Sincerely,

Morgan R. Olsen
Executive Vice President
and Treasurer

cc: James S. Almond, Vice President for Business Services and Assistant Treasurer, Purdue University
J. Terry Clapacs, Vice President and Chief Administrative Officer, Indiana University
Gregg Floyd, Vice President for Business Affairs and Treasurer, Indiana State University
Robert C. Holmes, Vice President for Finance and Treasurer, Ivy Tech Community College
Thomas J. Kinghorn, Vice President for Business Affairs, Ball State University
Judith C. Palmer, Vice President and Chief Financial Officer, Indiana University
Phillip Rath, Vice President for Financial Services/Government Affairs, Vincennes University
Mark Rozewski, Vice President of Business Affairs, University of Southern Indiana

Executive Summary
Indiana Public Higher Education Institutions' Report
in Response to Senate Enrolled Act No. 474
December 29, 2005

Introduction

This report is being submitted by the Indiana public higher education institutions (PHEI) in response to Senate Enrolled Act No. 474 (SEA 474). A copy of SEA 474 is included in Attachment 1. The PHEI include Ball State University, Indiana State University, Indiana University, Ivy Tech Community College, Purdue University, University of Southern Indiana and Vincennes University.

During the 2005 Indiana legislative session, the PHEI were requested under SEA 474 to compile and submit a report to the Budget Committee and the Legislative Council concerning the following:

1. The joint purchase by state educational institutions of life insurance, health insurance, property insurance, supplemental insurance (including dental and vision insurance), disability insurance, worker's compensation coverage and other insurance offered by a state education institution and the possible ramifications, cost and cost savings in joining together to purchase the insurance.
2. The joint purchase of other materials, supplies, and services by the state educational institutions and the ramifications, cost and cost savings in jointly purchasing these materials, supplies, and services.

Upon passage of SEA 474 and the request of the PHEI Presidents, the Chief Financial Officers (CFOs) and Indiana University's Chief Administrative Officer (CAO) convened to review the legislation and develop a plan to be responsive to the Act. This group included the following personnel:

Ball State University	Thomas J. Kinghorn, Vice President for Business Affairs
Indiana State University	Gregg Floyd, Vice President for Business Affairs and Treasurer
Indiana University	Judith C. Palmer, Vice President and Chief Financial Officer
	J. Terry Clapacs, Vice President and Chief Administrative Officer
Ivy Tech Community College	Robert C. Holmes, Vice President for Finance and Treasurer
Purdue University	Morgan R. Olsen, Executive Vice President and Treasurer
	James S. Almond, Vice President for Business Services and Assistant Treasurer
University of Southern Indiana	Mark Rozewski, Vice President of Business Affairs
Vincennes University	Phillip Rath, Vice President for Financial Services/Government Affairs

Three primary working groups were established to address major topic areas identified by SEA 474: Procurement, Risk Management and Environmental Health and Safety, and Health and

Related Insurance. The reports from each of these groups are included as attachments to this report.

A significant amount of work is underway to identify and fully realize potential joint purchasing opportunities. The working group reports included as attachments to this executive summary reflect activity to date. The PHEI anticipate that this assessment and realization process will continue through at least the next calendar year.

The CFO working group meetings have strengthened collaborative working relationships across the institutions of higher education. This has resulted in the identification of a number of joint purchasing ideas to pursue, as well as in the sharing of data, vendors, minority and women-owned business information, procurement practices, insurance plan designs, and business practices at each institution. Several significant cost savings initiatives already have been implemented. Ongoing dialogue will further identify ways to work together and leverage opportunities across institutions. There is interest and commitment among the PHEI to work more closely together in areas where there is promise of cost reduction and/or quality improvement through collaboration.

Progress To Date

Procurement

For a number of years, procurement staff at each PHEI have utilized consortial buying opportunities to leverage spend beyond the boundaries of specific institutions. Examples of such buying groups include the Educational & Institutional Cooperative (E&I), Midwestern Higher Education Compact (MHEC), Minnesota Multi-State Consortium, Committee on Institutional Cooperation-Purchasing Consortium (CIC-PC) consisting of the Big Ten and the University of Chicago, US Communities, and State of Indiana Quantity Purchase Agreements (QPAs). Approximately \$54 million are spent annually through these consortia by the PHEI.

As part of the current initiative, Purdue University and Indiana University petitioned the CIC-PC to enable the other Indiana public institutions of higher education to participate in the procurement contracts used by the Big Ten. On November 8, 2005, the CIC-PC Board of Directors approved the participation of the other Indiana PHEI. Access to these agreements should be of significant benefit, as they leverage the substantial purchasing power of the Big Ten universities and the University of Chicago for goods and services of importance to higher educational institutions. As an example, Purdue's access to the VWR Scientific agreement has lead to an estimated annual savings of approximately \$375,000, or about twelve percent, based on current purchasing volumes. Meetings are being established to brief the institutions on discount opportunities with the various vendors available through the CIC-PC contracts.

The procurement staff of each PHEI is focusing on analyzing aggregate purchasing data in excess of \$600 million to identify further strategic buying opportunities. These data are being slotted into commodity groups to examine possible joint purchasing opportunities where substantial volume exists. As an example, Purdue University has worked with Kirby Risk to extend Purdue pricing for electrical supplies to the other PHEI. Preliminary assessment suggests that it should be

possible roughly to double the current ten percent of annual spend awarded through various consortial contracts, based on the approximately 30 such agreements currently being analyzed.

The PHEI also are working with the Indiana Department of Administration in support of the OneIndiana procurement improvement project. After discussions with Department of Administration staff, it appears joint procurement opportunities may exist in the commodity groups of personal computers, office supplies, fleet (fuel and vehicles), office equipment, mailing services, and cellular phones. PHEI staff will work with the Department of Administration as needed to provide information, share existing contract terms and assist with review as needed. If enhanced pricing can be achieved by the State over existing consortium or direct bidding options, the PHEI will expand the use of State pricing agreements.

In addition to State pricing agreements, there has been increased collaboration with the Department of Administration through the BuyIndiana Road Show and the advancement of relationships with minority and women-owned businesses through introductory activities and vendor information distribution. The PHEI believe that, through their continued collaboration and strengthening relationships with the State Department of Administration, further group purchasing opportunities can be identified to leverage State and PHEI resources to the benefit of all, expanding opportunities for minority and women-owned businesses in support of supplier diversity goals.

A detailed report of the Procurement working group's efforts to date is contained in Attachment 2.

Risk Management and Environmental Health and Safety

The Risk Management and Environmental Health and Safety working group met over the course of the summer and fall to evaluate potential initiatives that could result in cost savings and/or quality improvement opportunities for all of the PHEI. As a result, the group purchase of property insurance has been identified as an opportunity for potential cost savings. In addition, a joint purchasing contract for the disposal of hazardous, biochemical, and radioactive waste also has been recommended.

The PHEI are retaining a consultant to assist in evaluating all feasible options for the joint financing of property loss exposures. Colleges and universities in other states have established successful programs for the joint purchase of property insurance. A Request for Proposals (RFP) was prepared, and of the six risk management consulting firms responding, two were selected to present their proposals to the institutional risk management professionals on December 20, 2005. A final recommendation will be made to the CFOs group in January 2006.

In addition, a draft RFP has been completed for the joint purchase of hazardous waste disposal services, which has been referred to the Purchasing working group for further consideration. Terms and conditions are being developed by the Purchasing Directors to add to the RFP in preparation for distribution to potential vendors. Although there is considerably more work needed to evaluate the opportunities for the joint purchase of property insurance and the disposal of hazardous, biochemical and radioactive waste, the PHEI are optimistic that joint purchase opportunities may be feasible.

A full report of the Risk Management and Environmental Health and Safety working group is contained in Attachment 3.

Health and Related Insurance

Indiana's public universities provide a variety of benefits programs to employees, dependents, retirees and students. These programs are explicitly designed to support strategic objectives associated with recruiting and retaining employees and students, as an integrated component of compensation or financial aid. The eligibility, coverage and contribution provisions of these programs are deliberately formulated to compete for high-quality employees and students across unique labor and student markets. Peer comparisons for these distinctive benefit programs range from major U.S. academic and research institutions to nationally-recognized medical centers and state-wide community college systems.

Benefits personnel from each of the seven PHEI completed an initial assessment of health benefits program joint purchasing opportunities earlier in the year. While this preliminary assessment identified few opportunities that would result in reduced costs or improved effectiveness, a more comprehensive third-party analysis was undertaken to ensure that any prospects for joint purchasing were explored fully. Mercer Human Resource Consulting (Mercer), a national consulting company with expertise in evaluating and designing employee benefit plans, was engaged to conduct an independent assessment of benefits joint purchasing opportunities. Mercer also was asked to review the delivery of medical provider services in Indiana and to provide observations about the root causes of rapidly increasing health care costs in this state.

Mercer compiled a comprehensive inventory of all benefit plans provided to PHEI employees, retirees, graduate assistants, interns/residents and students. This step was followed by structured interviews with PHEI principals to ascertain institutional strategies for sponsoring such plans and the purchasing philosophies, including third-party relationships, for each category of benefit plan. Their interviews also identified academic and research programs that are an integral component of benefit coverage provisions, either as a provider of services or a manager of plan functions.

While not an explicit element of analyzing joint purchasing opportunities, Mercer also collected information on the initiatives currently being pursued by the PHEI to control cost increases, improve administrative effectiveness and assertively manage the performance of vendor services. Several universities are actively collaborating with other employers in their respective local regions¹ to implement initiatives that seek, directly and indirectly, to improve the quality and/or cost impact of health care services. These initiatives are primarily focused on services provided by hospitals, outpatient centers and physicians.

A summary of Mercer's assessment of benefit plan joint purchasing opportunities follows.

Implications of Pooling Large volume does not necessarily result in cost savings for employee benefits plans. First, the rating (premium determination) of many benefit plans is principally a

¹ Constituent populations are primarily located in the following regional locations, each with unique provider entities: Bloomington, Evansville, Indianapolis, Lafayette, Muncie, and Terre Haute. Smaller populations of employees, retirees and students are located in other population centers spread throughout Indiana, with populations of retirees located throughout the U.S.

function of each institution's actual claims experience, either through a manually rated underwriter agreement or self-funding by the institution. Pooling of claims across such institutions represents an averaging of cost, with no overall cost savings. Some participating institutions would realize lower premiums and others would incur higher costs.

Second, many benefit plans already embrace managed care principles in designing plan provisions and establishing provider and utilization features. This is predominantly true with regard to employee medical plans, where the largest component of costs is based on payments to providers (hospital, physician and prescriptions). Payments to providers make up 90 to 95 percent of the total costs, leaving the remainder to cover retention expenses (administrative and customer services, network access and utilization management fees, and corporate profit.) The application of managed care principles achieves cost avoidance through the management of the patient's use of the medical delivery system and the management of provider contracts for credentialing and discounted payments. These provider discounts are negotiated for very large populations of covered lives, such as Anthem leveraging over 2,000,000 lives in Indiana to obtain deep provider discounts. Several of the Indiana public universities already contract with Anthem to take advantage of Anthem's provider networks with substantial discounts, along with discounts provided by affiliated Blue Cross/Blue Shield networks across all 50 states.

In Mercer's opinion, there are no viable options for a single statewide vendor for medical benefits. However, all universities would benefit from shared information that would allow benchmarking of administrative fees that possibly would allow negotiations for improved pricing.

Joint Purchasing Opportunities Mercer's joint purchasing assessment identified the following benefits program opportunities:

1. Consider joint purchasing of health care plans for students and graduate assistants. These plans are fully insured arrangements, typically with little to moderate use of managed care principles. Cost efficiencies achieved through joint purchasing initiatives would provide value to Indiana University and Purdue University, as each university contributes a substantial amount toward the premium of graduate assistants, a total population of over 6,000. Students at all universities would benefit if voluntary medical plans were more cost-effective arrangements than currently offered.
2. Consider incorporating into employee medical plans a carve-out Mental Health/Chemical Dependency program that includes Employee Assistance Program, back-to-work, and fitness for duty as an integrated set of services. Direct contracting with a single provider for these services could contain cost increases and better ensure a high quality of care for covered individuals.
3. Consider regular exchanges of data and benchmarking of plan provisions and fees across the universities. Such information sharing could provide valuable insights for fee negotiations and vendor performance management. The universities also could share innovative strategies and plan design changes that have been successful or are being considered for the future. Regular exchanges across the universities also would provide an occasion for continually evaluating opportunities for future joint purchasing initiatives.

4. While not a joint purchasing arrangement, consider self-funding of life insurance and Long- Term Disability (LTD) with internally managed reserves. Such arrangements, which may include stop-loss to cap liability, could provide universities lower rating costs and the advantage of retaining and managing reserves internally. Indiana University and Ball State currently self-fund their life insurance plans.
5. The following considerations could provide joint purchasing opportunities for a subset of the universities: a) Flexible Benefit reimbursement account administration; b) LTD insurance for the three universities that use CIGNA; c) offering a variety of voluntary benefits, such as long term care; and d) deploying a Short-Term Disability program to replace sick leave plans, as desired by several of the smaller universities.

The Health and Related Insurance working group currently is assessing potential opportunities in the area of worker's compensation insurance. This study will continue into 2006.

The full Health and Related Insurance working group report is contained in Attachment 4.

Conclusions

The PHEI believe that a focused, continued collaborative procurement effort will result in savings to each institution. The foundation has been laid for ongoing collaboration among the PHEI for the procurement of goods and services. Leveraging spend across the seven institutions bears promise from a statewide perspective, particularly for the five institutions that will gain access to the leverage already enjoyed by the Purdue University and Indiana University systems. However, these joint purchasing opportunities are not consistent across all products and services. While opportunities appear to exist through collaboration in the areas of procurement, risk management and environmental health and safety, only limited opportunities are evident in the area of health and related insurances, given the nature of the programs, pricing methodologies and the delivery of services at a local or regional level.

The PHEI plan to continue the activities of the working groups, both to realize existing opportunities and to identify additional opportunities for collaboration, sharing of data, and best practices at each institution. Increased collaboration with the Department of Administration, participation in OneIndiana, and the continued advancement of opportunities for minority and women-owned businesses will enable the State of Indiana and PHEI to advance their respective goals and work more strategically as stewards in maximizing available resources.

Attachment 1

To

Executive Summary
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in Response to Senate Enrolled Act No. 474
December 29, 2005

SENATE ENROLLED ACT No. 474

AN ACT to amend the Indiana Code concerning state and local administration.

Be it enacted by the General Assembly of the State of Indiana:

SOURCE: ; (A05)se0474.1.1. --> SECTION 1. [EFFECTIVE JULY 1, 2005] (a) **The state educational institutions (as defined in IC 20-12-0.5-1) shall cooperate to compile and submit a report to the budget committee and the legislative council (in an electronic format under IC5 -14-6), not later than December 31, 2005, concerning the following:**

(1) The joint purchase by state educational institutions of the following types of insurance:

(A) Life insurance. (Benefits study addressed)

(B) Health insurance. (Benefits study addressed)

(C) Property insurance.

(D) Supplemental insurance, including dental and vision insurance. (Benefits study addressed)

(E) Disability insurance. (Benefits study addressed)

(F) Worker's compensation coverage for:

(i) personal injury or death by accident arising out of an in the course of employment under IC 22-3-2 through IC 22-3-6; and

(ii) disablement or death by occupational disease arising our of and in the course of employment under IC 22-3-7.

(G) Other insurance offered by a state educational institution.

(2) The possible ramifications, costs, and cost savings in joining together to purchase the insurance specified in subdivision (1). (Benefits study addressed)

(3) The joint purchase of other materials, supplies, and services by the state educational institutions and the ramifications, costs, and cost savings in jointly purchasing these materials, supplies, and services.

(b) This SECTION expires December 31, 2006.

Attachment 2

To

Executive Summary
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Interim Report

State Higher Education Procurement Working Group

December 2005

As the State experienced budgetary problems and reduced its overall support for higher education, Indiana's public higher education institutions (PHEI) faced a similar increase in financial pressure. PHEIs have generally responded by aggressively pursuing various cost-cutting measures, seeking research grants, imposing special fees and, as a last resort, increasing tuition: the PHEIs also have turned to outsourcing, electronic procurement systems, procurement cards, and consortium purchasing as a means to reduce administrative and operational costs.

The following table reflects the total procurement spend (exclusive of construction) in 2003-04 for each PHEI.

College/University	P-Card Spend	Total Procurement Spend (Excluding P-Card and Construction)
Ball State University	\$ 1,151,998	\$ 36,512,427
Indiana University	11,655,755	345,975,329
Indiana State University	2,417,024	33,351,223
Ivy Tech Community College of Indiana	2,641,121	54,806,086
Purdue University	24,000,000	170,000,000
University of Southern Indiana	1,010,102	18,413,555
Vincennes University	9,397	30,188,734
Totals	\$42,885,397	\$689,247,354

This table does not include faculty and staff compensation, which also represents a significant investment in Indiana. As purchasing professionals, many of us have obtained our Certified Purchasing Manager certificates that are issued through the Institute for Supply Management (ISM, formerly National Association of Purchasing Management or NAPM) and/or possess advanced degrees. Additionally, most of us also attend training sessions, workshops and conferences for purchasing professionals in the higher education arena developed by the National Association of Educational Buyers (NAEB) or general sessions conducted by ISM.

Higher education purchasing professionals must ensure that each purchase adheres to their university policies and procedures; local, state, and federal laws; and directives from granting agencies. Each one of the public higher education entities has unique procurement needs; however, we all share the privilege of working with colleagues who are extremely bright, and providing our colleagues with the support they require to accomplish the academic and research missions for each campus.

Academic Mission

The primary mission of each public higher education institution in the state is to educate its students. For purchasing professionals, this translates into providing the appropriate products and services that faculty and staff require to accomplish our educational mission. We must also seek to reduce the costs of providing these products and services to assist in maintaining the affordability of a degree.

In addition to playing a role in affordability, purchasing professionals also assist in seeing that our facilities and equipment are accessible and compliant with governmental regulations. We also help ensure that our institutions are compliant with regulations such as HIPAA, OSHA, SBA, EEOC, FERPA, Patriot Act, Homeland Security Act, and a myriad of other regulations that may affect our students.

Those institutions with residential facilities also must provide goods and services for a broad spectrum of purchases similar to those supporting a small city and its residents. One of the primary objectives in our academic mission is to provide the State of Indiana with a well educated workforce. Consequently, we must supply our students, faculty, and staff with the most effective tools for teaching and learning. These products and services include new technologies, guest lecturers, software, hardware, books, and all other products and services that enhance and maximize student learning.

Research Mission

Another key mission of any PHEI is to contribute to the collective human knowledge and understanding. Research, particularly in the sciences, is frequently quality-controlled and time-driven. We must be responsive to the requirements of the researchers while we simultaneously ensure that all procurement transactions adhere to all policies and regulations. If a bottleneck occurs related to our researchers' requirements, we jeopardize research results or, in extreme cases, provide a climate where the researcher determines that the research is best conducted at another college or university. PHEI procurement professionals understand these pressures and work to provide the best product for the most prudent price. As Indiana's higher education institutions become more visible partners in Indiana's economic growth, we endeavor to provide support in identifying suppliers to provide products and services that are complex and have complex processes.

Ancillary Missions

Many of the PHEIs have activities and functions that offer diverse activities that are designed to enrich the cultural life of our campus communities. For the two main research campuses, our athletic programs are highly visible components for state residents and our alumni. The arts also play a role in providing the state with well-rounded alumni and residents who appreciate the human need for artistic expression. Campuses are also known as forums for open expression and dialogue. We invite speakers to discuss new research, new perspectives and new trends. Our purchasing professionals play a role in the acquisition or contracting of all of these goods and services.

The Role of Purchasing in Higher Education

Indiana's institutions of higher education are complex organizations that require the purchasing professionals to become specialized knowledge workers. Our networking and resources allow us to benchmark unusual purchases and overall performance. We provide consultation and guidance on applicable policies, laws and procedures to our faculty and staff. We must also play a role in internal controls to ensure that our transactions have a clear, auditable trail. While most of our internal controls occur prior to placement of contracts or orders, we may use after-the-fact reporting for additional monitoring for appropriate purchases. As members of NAEB, we adhere to the NAEB Code of Ethics.¹

¹ See Attachment A for the NAEB Code of Ethics

Faculty and staff must focus on successfully meeting their teaching and research obligations, or directly supporting these efforts, and they should not be additionally burdened with managing the business demands related to contracts and purchase orders. Certainly, a key part of the purchasing professional's role must be to communicate our policies and procedures to faculty and staff; however, the actual execution of contracts and purchase orders are sufficiently complex that those responsibilities appropriately should be handled by professionals. Consequently, we also play a crucial role as our campuses' interface with suppliers. The purchasing professionals identify areas of cost savings beyond the procurement transaction such as combining purchasing transactions to increase volume and reduce administrative costs for order and check processing. We also utilize cost-effective methods of procurement to further reduce administrative and transactional costs such as business-to-business purchasing systems, procurement cards, and electronic procurement systems that automate much of the procurement cycle. While we utilize consortia contracts, we also recognize that combined volumes do not always translate into greater savings in every industry due to small profit margins, logistical costs and service requirements. Additionally, as in all large, complex organizations, there are multiple coordination points to verify compliance with internal policies and procedures and all local, state and federal laws. Purchasing professionals provide the coordination point to ensure that our institutions are compliant.

Our procurement personnel operate under multiple requirements that sometimes can come in conflict. It is always of great importance to procure high-quality goods and services at the lowest possible cost. In addition, PHEIs seek to contribute to the economic vitality of their regions and the State of Indiana by sourcing from those areas whenever possible. Further, establishing and building supplier diversity by doing business with minority and women-owned business enterprises (M/WBEs) is an important goal.

Finally, it must also be noted that, while Indiana's public higher education institutions should and do cooperate to reduce our expenses, we also compete for students, faculty and staff. Each campus has its own needs and requirements and cooperative purchasing for every service or commodity is not always possible.

In-State Purchases

Most PHEIs, either by explicit policy or by practice, make procurement decisions to award orders, when all factors are equal, locally, regionally, and in-state. The drive to reduce operating costs caused many of the PHEIs to participate in large consortium contracts or similar large-scale agreements. The size and complexity of these agreements typically require suppliers who operate large national corporate offices located outside of the state, but these suppliers generally have local offices to service accounts. Nevertheless, most of the PHEIs place the majority of their purchases with Indiana suppliers. Please note that the large, research institutions must supply researchers with specialized products and equipment not available in-state and this is reflected in their data.

The following table reflects in-state procurement data for each PHEI.

PHEI	% Operating Budget From State Funds 2003-04	% of Orders Issued to Indiana Suppliers 2003-04	% of Construction Awards \$ to Indiana Contractors 2003-04
Ball State University	39%	66%	99%
Indiana University	24%	51%	99%
Indiana State University		61% *	
Ivy Tech Community College of Indiana	42%	58%	95%
Purdue University	20%	60.2%	91%
University of Southern Indiana	60%	69.1%	99%
Vincennes University	62%	55%	100%

* % of Dollars Spent in Indiana

Consortia Purchases

The use of consortium purchasing agreements is an important strategy. PHEI purchasing departments have joined efforts to participate in cooperative purchasing or to share information on Minority/Woman-Owned Business Enterprises (M/WBEs). For example, many of the universities use two long-standing M/WBE agreements. One contract is for mattresses with University Sleep Systems and another contract is for computer hardware with Sun Microsystems.

Additionally, each PHEI is a member of a national professional association, National Association of Educational Buyers (NAEB). NAEB has a contracting arm, Educational & Institutional Cooperative (E&I), that offers cooperative agreements with a number of suppliers². Furthermore, the Universities have access to other consortia such as the Midwestern Higher Education Compact (MHEC), Minnesota Multistate Consortium, Consortium on Institutional Cooperation-Purchasing Consortium (CIC-PC)³, US Communities⁴, and State Quantity Purchase Agreements (QPAs).

As a general practice, the Purchasing department staffs check these sources for the best price. However, we have found that we can frequently better the prices found from these sources. The reasons why better pricing can be realized are many, but, frequently, a local supplier may be willing to assume less profit on a large project and will offer highly competitive pricing to secure a large purchase award.

The following table displays the current spend for some of the major consortium purchasing agreements used by the PHEI.

² Please see Attachment B for a list of E&I suppliers.

³ Please see Attachment C for a list of CICPC contracts. Purdue and Indiana University are eligible to use these agreements.

⁴ <http://63.197.153.19/>

Consortium	University	Spend
<i>CICPC Big Ten Contracts</i>	IU, Purdue	\$ 7,938,791
<i>E&I Eligible to any NAEB Member</i>	Ball State University, IU, ISU, Ivy Tech, Vincennes	20,834,258
<i>ION (International Oncology Network) via Clarion Health Partners</i>	IU, Vincennes	8,296,000
<i>MHEC</i>	ISU, Ivy Tech	1,077,332
<i>Minnesota Multistate Consortium (pharmaceuticals)</i>	Ball State University, IU, Purdue	4,127,615
Novation /VHA via Clarion Health Partners Multiple vendors for Hospital equipment and supplies ; Fed Ex; pharmaceuticals	IU	4,000,000
<i>NOA (National OncologyAlliance) via Clarion Health Partners</i>	IU	4,000,000
<i>State QPAs</i>	IU, Ivy Tech, Purdue	2,311,509
<i>State School Agreements</i>	Ball State University, IU, Purdue, Vincennes	1,144,164
<i>US Communities</i>	IU	479,646
Total Consortia Spend		\$ \$54,209,315

Outsourcing

Another area where University Purchasing Departments have realized cost savings has been in outsourcing various services for their campuses. Outsourcing can reduce a University's initial investment in a service, staff salaries, and on-going expenses. There is no question that the private sector can provide excellent services for some segments of the university, and each PHEI weighs the benefits of outsourcing in its build/buy decision-making.

The following table displays major outsourcing relationships maintained by each PHEI.

UNIVERSITY	OUTSOURCED
Ball State University	University Bookstore (Barnes and Noble), Athletic Concessions, Food and beverage vending services, Student laundry services in Residence Halls, Rental cars and trucks vs Fleet, Trash removal and disposal, minor repairs and replacements (electrical, concrete, carpet installation, roof repairs, replacement of water lines, sewers, chilled water lines, steam lines, etc.) Bio-hazardous waste removal and disposal. Student Newspaper printing and delivery, Installation and maintenance of cable and Administration of University health care benefits. Elevator maintenance, Charter bus services, Criminal background checks, legal services, Architectural services, and traffic control for Athletic events and large University events (as needed). Ambulance EMT service for Athletic events, concerts, and other large University events
Indiana University	
IUB	Athletic Training Table Concessions and Catering, B2B Catalog Integration (IU), Biohazardous Waste Disposal, Building Services Recycling, Collections, Criminal Background Checks (IU), Courier Delivery, Fulfillment Services; JIT Office Supplies; Late Night Bus Service, Library Subscriptions (IU), Office Relocations, Physical Therapy-Back-to-Work Program, Roof Repairs, Small Renovations; Student Applications for Admission, Transcription Services; Trash Removal; Ushering Services for Athletic Events, W2 Processing, Vending Under Study: Utilities
IUPUI	Chilled Water & Steam Supply; Copy Machines, Fleet Services; Food Services; Fulfillment Services; Hotel and Conference Management; Major Electrical; Management of Janitorial Services; Mortician Services; JIT Office Supplies; Office Relocations; Paging Services; Painting; Parking Garage Cleaning Services; Pest Control; Plumbing; Small Renovations; JIT Towel and Tissue Delivery to Point of Use; Transcription Services; Trash Removal; Window Washing

Indiana State University	Sodexo Food Service, Barnes and Noble Bookstore, Computer and Printer Repair, Photo Copy Center, Rental Cars vs Fleet (currently under study), Travel Agencies: Orbitz and International Tours in Terre Haute, Food Vending Machines, Elevator Service, Beverage Vending, Pest and Termite Control, Laundry, Linen, and Uniforms, Piano Tuning, Refrigeration Repair, Electrical Work (partially), Concrete Repair, Mowing and Grounds Maintenance (partially), Minor Roof Repair, Medical Lab work, Snow Removal, Trash Hauling, Ambulance EMT Service, Carpet Cleaning, College Directory Printing, Student Newspaper Printing, Fire Alarm Maintenance, Fire Hood Maintenance, Glass Replacement
Ivy Tech Community College of Indiana	Bookstores, Biohazardous Waste Disposal, Bookstore, Building Maintenance, Building Services Recycling, Collections, Computer Maintenance, Copy Machines, Courier Delivery, Food Services, Grounds Maintenance, Janitorial Services, Library Services, Library Subscriptions, Pest Control, Rental Cars, Security Services, Telephone Maintenance, Vehicle Services, Vending
Purdue University	Library Subscriptions, Ushering Services for Athletic Events, Vending, Athletic Concessions, Bus Services, Supplier Enablement/Catalogue Management, Background Checks, Rental Cars (peak needs), Legal Services, Printing Services (peak needs), Temporary Staffing, Medical Plan Management, Auto/Liability Insurance-Third Party Administrator, Student Housing Management, Bookstore Management, Food Services Management
University of Southern Indiana	Food Services, Vending, Pest Control, Campus Bus Services, Office Design Services, Waste Disposal, Collections, Bank Deposits Pick-ups, Excess Rental Cars, Specifications of Furniture, Various Repairs and Painting, Shredding, Property Management and some Computer Maintenance.
Vincennes University	Computer Maintenance, Food Services, Vending Services, Pest Control, Charter Bus Service, Library Subscriptions and Catalog and Trash Removal Service

Supplier Diversity

The PHEIs have historically met to discuss supplier diversity initiatives. We periodically share best practices and successful supplier experiences. By request of some of the Indiana private colleges, the group has expanded to include any Indiana institution of higher education. The BuyIndiana road shows have been a successful, recent outcome of the collaboration.

PHEI 2005 Goals

Early in 2005, the PHEIs established the following goals:

1. Gain CIC-PC affiliate status for Ball State University, Indiana University, Ivy Tech Community College of Indiana, University of Southern Indiana and Vincennes University.

Status

The Directors of the CIC-PC voted unanimously on November 8, 2005 to accept Ball State University, Indiana University, Ivy Tech Community College of Indiana, University of Southern Indiana and Vincennes University into affiliate membership. See Attachment C for information regarding available CIC-PC agreements.

Representatives of the PHEIs will be meeting on December 22, 2005 to:

- a. Be briefed on the available contracts.
 - b. Be provided information to initiate analysis/comparison of contract pricing.
 - c. Develop metrics for measuring contract utilization and savings.
2. When advantageous to PHEIs, procure goods and services under State Pricing Agreements.

Status

The Indiana Department of Administration has invited each of the PHEIs to participate in the OneIndiana Project. Opportunities for engaging with the State of Indiana appear to include the following commodities:

- Personal Computers
- Office Supplies
- Fleet (Fuel and Vehicles)
- Office Equipment
- Mailing Services
- Cellular Telephones

Each PHEI will evaluate pricing that is the result of each competitive RFP. Many of the PHEIs have contracts in place and will need to honor those contracts through their conclusion. We would expect that when State pricing is superior to that available to the PHEI and when PHEI service level expectations can be met; the PHEI will begin buying under the State pricing agreement.

3. When possible extend attractive pricing available to one of the PHEIs to all the PHEIs.

Status

Kirby Risk Supply has agreed to extend its Purdue University pricing for electrical supplies to the PHEIs. The PHEIs have agreed to attempt to develop comparable arrangements in the following commodities:

- Air Filters
- Janitorial Supplies/Equipment
- Lock Systems
- IBM High-End Systems
- Sun Servers
- Microsoft Campus Agreement

4. Increase and expand the PHEIs diversity initiatives.

Status

During July 2005 the seven PHEIs jointly sponsored a BuyIndiana Roadshow. This event was held in the State House Building in conjunction with Black Expo. During this day-long event, representatives of the PHEIs met with representatives of minority and women owned firms. This event has served as the foundation for on-campus meetings with these firms. Attachment D is a partial list of the firms that have engaged in this process.

In conclusion, there has been significant progress in leveraging the PHEI buy and in supplier diversity development. This is an activity that must continue for us to gain the full benefit of our efforts. The PHEI are committed to continuing this activity into 2006 and beyond.

ATTACHMENT A



5523 Research Park Drive ~ Baltimore, MD 21228
443-543-5540 ~ Fax: 443-543-5550 ~ www.naeb.org

Code of Ethics

Purchasing professionals must have a highly developed sense of professional ethics to protect their own and their institution's reputation for fair dealing. To strengthen ethical awareness, and to provide guidelines for its members, NAEB has long promoted a code of ethics.

- 1. Give first consideration to the objectives and policies of my institution.**
- 2. Strive to obtain the maximum value for each dollar of expenditure.**
- 3. Decline personal gifts or gratuities.**
- 4. Grant all competitive suppliers equal consideration insofar as state or federal statute and institutional policy permit.**
- 5. Conduct business with potential and current suppliers in an atmosphere of good faith, devoid of intentional misrepresentation.**
- 6. Demand honesty in sales representation whether offered through the medium of a verbal or written statement, an advertisement, or a sample of the product.**
- 7. Receive consent of originator of proprietary ideas and designs before using them for competitive purchasing purposes.**
- 8. Make every reasonable effort to negotiate an equitable and mutually agreeable settlement of any controversy with a supplier; and/or be willing to submit any major controversies to arbitration or other third party review, insofar as the established policies of my institution permit.**
- 9. Accord a prompt and courteous reception insofar as conditions permit to all who call on legitimate business missions.**
- 10. Cooperate with trade, industrial and professional associations, and with governmental and private agencies for the purposes of promoting and developing sound business methods.**
- 11. Foster fair, ethical and legal trade practices.**
- 12. Counsel and cooperate with NAEB members and promote a spirit of unity and a keen interest in professional growth among them.**

ATTACHMENT B

E&I Agreements SUPPLIER PORTFOLIO

COMPUTER SOFTWARE

CompuCom Systems, Inc.

GovConnection

Software House International

Technology Integration Group (TIG)

COMPUTERS & NETWORKING

DISYS

GovConnection

Hewlett Packard

IBM/Cisco

Technology Integration Group (TIG)

ELECTRONICS & PERIPHERALS

Egan Visual

GovConnection

Polyvision

Technology Integration Group (TIG)

EXPRESS DELIVERY

DHL Express

DM Transportation

Menlo Worldwide

FURNITURE

Anthro Corporation

Barn Door

Brayton International

Bretford Manufacturing

Collegedale Caseworks, LLC

David Edward

Falcon Companies

Charlotte

Epic

Howe/Johnson

Thonet

Fixtures Furniture

Gaylord

Gunlocke Company

High Point Furniture

KLN Steel Products

Metro

Nova Solutions

Smith System

Steelcase

Turnstone

Vecta

FURNISHINGS

Details

Egan Visual

Milliken Carpet

Polyvision

Shaw Contract Group

MAINTENANCE

Centimark Roof Systems

Cleaning Technologies Group

Grainger

ICI Paints

M-D Wholesale Hardware

Sexauer

MOVING & RELOCATION

Allied Van Lines

Berger

NorCal

Whalens

United Van Lines

Armstrong Relocation

East End/Corrigan

Suddath Relocation

MULTIMEDIA

Carlick Imaging

InFocus

International Video Conferencing, Inc. (IVCi)

SKC Communication

OFFICE EQUIPMENT & SUPPLIES

OfficeMax - A Boise Company

Polyvision

Ricoh Corporation

Xerox Corporation

PROCUREMENT

JPMorgan Chase

SCIENTIFIC

VWR International

Beckman Coulter

Fisher Scientific

SERVICES

HireRight

Specialty Underwriters

TRAVEL SERVICES

Avis Rent-A-Car

Budget Rent-A-Car

Hertz Corporation

Phone: 631-273-7900 ? 800-283-2634 ? Fax: 631-273-2305 ? www.eandi.org

These agreements are available to members of the National Association of Educational Buyers (NAEB)

ATTACHMENT C

CICPC Agreements

<i>Office Suppliers</i>	CE and Boise
<i>HP Printer Toner</i>	Lexmark
<i>Scientific Supplies</i>	VWR Scientific
<i>Copy Paper-recycled</i>	Reverse Auction conducted
<i>Copy Paper-virgin</i>	Reverse Auction conducted
<i>A/V Tapes</i>	Total Media
<i>Anti-virus software</i>	Symantec
<i>Cisco equipment</i>	IBM
<i>HP networking</i>	Matrix
<i>Juniper networking</i>	Qwest
<i>Rental Cars</i>	National
<i>Auto Parts (tires)</i>	in process
<i>Background Checks</i>	HireRight
<i>Maintenance Assurance</i>	Specialty Underwriters
<i>Bulk truckloads 30% recycled copy paper</i>	Reverse Auction conducted
<i>Bulk truckloads virgin copy paper</i>	Reverse Auction conducted

These agreements are available to members of the Consortium on Institutional Cooperation – Purchasing Consortium (CICPC). Indiana University and Purdue University are members. Most recent list as of 4/28/05

<i>MRO</i>	First CICPC RFP --- supplier boycott; no award
<i>Office Suppliers</i>	2 nd round RFP current program dual award (CE and Boise)
<i>HP Printer Toner</i>	RFP complete – no member participation (negotiated agreement with Lexmark)
<i>Scientific Supplies</i>	Program in place (VWR Scientific)
<i>Computers</i>	RFI and team review unfavorable
<i>Towel and Tissue</i>	RFP process complete – supplier declared bankrupt
<i>Copy Paper-recycled</i>	Reverse Auction conducted
<i>Copy Paper-virgin</i>	Reverse Auction conducted
<i>Lamps</i>	RFP process complete – no member participation
<i>A/V Tapes</i>	Agreement in place (Total Media)
<i>Anti-virus software</i>	Agreement completed (Symantec)
<i>Natural Gas</i>	members noted potential of conflict with state laws
<i>Cisco equipment</i>	Agreement in place (IBM)
<i>HP networking</i>	Agreement in place (Matrix)
<i>Juniper networking</i>	Agreement in place (Qwest)
<i>Copiers</i>	RFI and team review unfavorable; E&I member wide initiative
<i>Uniforms</i>	Lack of member support
<i>Cylinder gas</i>	Directors recommended dropping
<i>Gasoline</i>	Table for future (lack of support and/or members under contract)
<i>Ceiling tiles</i>	Lack of member support
<i>Express mail UPS & FedEx</i>	E&I member wide initiative - completed
<i>International Express Mail</i>	E&I member wide initiative - completed

<i>Cleaning Supplies</i>	Members note many standards; E&I member wide initiative
<i>Electrical Supplies</i>	E&I member wide initiative - tabled
<i>Vehicles</i>	no pending or past activity to date
<i>Rental Cars</i>	Agreement in place (National)
<i>Auto Parts (tires)</i>	in process
<i>Carpeting</i>	Expect member extended agreement to be available
<i>Fax machines</i>	E&I member wide initiative
<i>LCD projectors</i>	E&I member wide initiative
<i>University Press</i>	Tabled
<i>Procurement Cards</i>	Lack of strong member support
<i>Background Checks</i>	Agreement in place (HireRight)
<i>Maintenance Assurance</i>	Agreement in place (Specialty Underwriters)
<i>Lease Financing</i>	in process
<i>National cellular service for wireless technology</i>	no pending or past activity to date
<i>Moving Company</i>	no pending or past activity to date
<i>Appliances</i>	no pending or past activity to date
<i>Temp Agency</i>	no pending or past activity to date
<i>Microscopes</i>	E&I member wide initiative - tabled
<i>Student (domestic and international) health insurance – first seek support of Directors of Health Services</i>	
<i>Bulk truckloads 30% recycled copy paper – Reverse Auction conducted</i>	
<i>Bulk truckloads virgin copy paper</i>	Reverse Auction conducted
<i>Bulk truckloads janitorial paper products (brand names)</i>	no pending or past activity to date
<i>Animal Caging and Feeding: Jackson Labs, Allentown Caging, etc</i>	no pending or past activity to date
<i>Airlines (partner with travel Managers)</i>	no pending or past activity to date
<i>Cryogenic gases: BOC; Praxair; etc</i>	no pending or past activity to date
<i>Drinking water and coolers</i>	no pending or past activity to date
<i>Coffee service providers</i>	no pending or past activity to date
<i>Radioactive chemicals and materials</i>	no pending or past activity to date
<i>Sun Microsystems</i>	potential CICPC direct with Sun Microsystems
<i>Mattresses</i>	potential reverse auction
<i>Flash Drives</i>	potential reverse auction

"BUYINDIANA" VENDORS

Attachment D

<u>COMPANY</u>	<u>ADDRESS</u>	<u>CONTACT PERSON</u>	<u>CONTACT INFORMATION</u>
Construction			
Custom Mechanical Systems, Corp	2920 Graham Road Franklin, IN 46131	Mercedes O. Enrique (President)	317-736-8421 menrique@cmsindustrial.com
Precision Mechanical Contractors, Inc.	1012 Skyline Pass Fort Wayne, IN 46825	Nelson Jordan (President)	260-409-5612 precisionmech@comcast.net
Trinity Mechanical, LLC	1125 Brookside Avenue Suite 600 Indianapolis, IN 46202	Kerry K. Jones (President)	317-624-9546 trinitymech@msn.com
Professional Services			
Cabello Associates	8340 Little Eagle Court Suite 200 Indianapolis, IN 46234	Kathy Cabello (President)	317-209-9991 kg_cabello@cabelloassociates.com
Continental Design & Engineering	2710 Enterprise Drive Anderson, IN 46013	Judy Nagengast (CEO)	765-778-9999, Ext 302 judy@continental-design.com
Crew Technical Services	7439 Woodland Drive Indianapolis, IN 46278	Norma Lawrence & Liz Childers (Bus Dev Mgrs)	317-713-7777 nlawrence@crewtech.com echilders@crewtech.com
Debbie Mann Consulting	420 Columbia Street Suite 201 Lafayette, IN 47901	Debbie Mann	765-429-5956
E. B. Burdix Group	P. O. Box 40215 Indianapolis, IN 46240	Ezra B. Burdix	317-506-8667
Eaton & Hancock Associates	2066 Oldfields Circle Indianapolis, IN 46228	Dottie Hancock (Principle)	317-291-6513 EatonHancock@comcast.net

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etica group, inc.	5420 W. Southern Avenue Suite 300 Indianapolis, IN 46241	Melanie A. Starneri (President)	317-224-9681 mstarneri@eticagroup.com
FNO Professional Services, Inc.	3921 N. Meridian Street, Suite 130 Indianapolis, IN 46208	Florence Onochie (President)	317-472-0063 fonochie@fnoprofservices.com
H. A. Flores & Associates, Inc.	1941 Foxcliff North Martinsville, IN 46151	Hector A. Flores (President)	765-318-0154 hflores@hafassoc.com
Indy Black Pages	120 E Market Street Suite 440 Indianapolis, IN 46204	Darla Y. Williams	317-536-0694 indyblackpages@aol.com
Klika Stinson Group	6407 N. Tuxedo Street Indianapolis, IN 46220	Cristine M. Klika (President)	317-345-8887 Cris@klika-stinson.com
Owner Services Group, Inc.	1815 S. Meyers Road Suite 200 Oakbrook Terrace, IL 60181	F. R. Rick Duran (Director of Marketing)	630-678-0808 rduran@ccsos.com
Phoenix Data Corporation	6610 N. Shadeland Avenue Suite 250 Indianapolis, IN 46250	Carol L. Curran (President/CEO)	317-813-1083 ccurran@phoenixdatacorporation.com
Prairie Quest Consulting	1830 Wayne Trace Suite 6 Fort Wayne, IN 46803	Lori F. Wright (Director, Bus Dev)	317-726-9821 LWright@PrairieQuest.com
Promotus Advertising	603 East Washington Street Suite 603 Indianapolis, IN 46204	Sharon Murff	317 916-8551 Smurff_promotus@ameritech.net
RCR Technology Corporation	12240 Talon Trace Fishers, IN 46038	Robert Reed (President)	317-578-7441 robert_reed@rcrtechnology.com
Safis Solutions, LLC	351 West 10th Street Suite 319 Indianapolis, IN 46202-4122	Ping Poulsen (President/CEO)	317-274-0505 ppoulsen@safis-solutions.com

"BUYINDIANA" VENDORS

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<u>COMPANY</u>	<u>ADDRESS</u>	<u>CONTACT PERSON</u>	<u>CONTACT INFORMATION</u>
Scheitlin Communications	6344 Cornell Avenue Indianapolis, IN 46220	Barb Scheitlin-Smith	317-251-3424, Ext. 101 barbs@scheitlin.com
Spring Ventures, Inc.	351 West 10th Street Indianapolis, IN 46202	V. Rao Bhamidipati	317-497-1025 rao@springventures.com
TEC Management Consultants, Inc.	620 N. Capitol Avenue Indianapolis, IN 46204	James R. Odhiambo (Vice President)	317-624-9511 jrodhiambo@teccm.com
Other Services			
A. S. Williams & Associates	P. O. Box 90284 Indianapolis, IN 46260-0284	Anita Williams (CEO)	317-802-9484 aswmsandassociates@yahoo.com
Aeon Group	P. O. Box 26007 Indianapolis, IN 46226	Maurice Boler (Principal)	317- 709-3248
American Janitorial Service, Inc.	4501 N. Lesley Avenue Indianapolis, IN 46226	Phil Powell (Owner)	317-714-5788
Arab Termite & Pest Control, Inc.	4035 Millersville Road Indianapolis, IN 46205	Anwar (Sid) Shah (President)	317-545-1275
Engaging Solutions, LLC	3145 N. Meridian Street Suite 240 Indianapolis, IN 46208	Debra Simmons- Wilson, MCRP (Mng Principal)	317-283-8300 debbie@engagingsolutions.net
Esource Resources, LLC	55 South State Avenue Indianapolis, IN 46250		317-638-4953
Futch Janitorial Services		Walter & Carol Futch	317-547-4133

"BUYINDIANA" VENDORS

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<u>COMPANY</u>	<u>ADDRESS</u>	<u>CONTACT PERSON</u>	<u>CONTACT INFORMATION</u>
Greyiron Corporation	3410 Rascal Drive P. O. Box 5492 Lafayette, IN 47903	Claude Donaldson (President)	765-474-7001 claude@greyiron.net
Gunter Intelligence, Inc.	101 W. 79th Avenue Merrillville, IN 46410	Claudia L. Gunter (CEO/President)	219-736-5088, Ext 16 cgunter@gunterintelligence.com
Innovative Design Offerings, Inc.	6125 U.S. Highway 31 South Suite D Indianapolis, IN 46227	Donna Metallic	317-784-6044 donna@idoincorporated.com
Integrated Environmental Solutions	7550 E. Melton Rd. Gary, IN 46403	Ralph Mora	219-939-5000 800-490-7334 rgmora@iesolutions.com
Kapture Imaging & Media Services		Ronald S. Foster	317-727-6813 rsf777@aol.com
KK Services, LLC	5422 Nighthawk Way Indianapolis, IN 46254	Claudette Peterson (Owner)	317-347-8873
Langham	5335 W. 74th Street Indianapolis, IN 46268	Doug Kremer (Account Exec)	317-471-5040 dougkremer@eLangham.com
LCP Transportation LLC	4308 Guion Road, Suite D Indianapolis, IN 46254	Ronald Robinson (President)	800-508-7230 317-339-3673
Meetings Designed Wright, LLC		Lori F. Wright (President)	317-726-9821 lori@mdwllc.com
Midwest Presort Service	P. O. Box 2506 Indianapolis, IN 46206	Karen Scales (President)	317-547-9937 karens@midwestpresort.com
Pathway Productions	200 South Meridian Suite 270 Indianapolis, IN 46225	Kristina Follmar (Sales Assoc)	317-55408000, Ext 295 kfollmar@pathwayproductions.com

"BUYINDIANA" VENDORS

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<u>COMPANY</u>	<u>ADDRESS</u>	<u>CONTACT PERSON</u>	<u>CONTACT INFORMATION</u>
Precisely Write	10143 Brooks School Road Ste 209 Fishers, IN 46038-3839	Jerry Rodinsky (Manager)	317-585-7701, Ext 214 jrodinsky@precisely.com
Strategic Resource Group, LLC	155 E. Market Street Suite 307 Indianapolis, IN 46204	Dwayne Montgomery & Patrick Chavis IV	317 423-3152 dwayne.montgomery@strategic- rg.com patrick.chavis@strategic-
Supply Specialty, LLC	P. O. Box 40037 Indianapolis, IN 46240-0037	Tina Fleener	317-423-2245 supplyspecialty@aol.com
Goods & Supplies			
A-Cor Products, LLC	55 South State Avenue P. O. Box 502368 Indianapolis, IN 46250	Simon Legree	317-917-0512 simonjl@netzero.com
America's Finest Filters, Inc.	825 South Floyd Street Louisville, KY 40203	Michael White (President/CEO)	502-587-1937 mwhite@americasfinestfilters.com
Dixon Phone Place	5335 N. Tacoma Avenue Suite 3 Indianapolis, IN 46220	Juli Fritsch	317-251-3504 dixonphoneplace@att.net
First Electric Supply	P. O. Box 20380 Indianapolis, IN 46220	Dexter Thompson	317-931-3675 dexter@firstelectricsupply.com
Global Industrial Supply	120 E. Market Street Suite 200 Indianapolis, IN 46204	Mahershall A. Gardner (Account Services)	317-450-0757
Grand Foods, LLC	P. O. Box 20333 Indianapolis, IN 46220	Keith Graves	317-496-9048 grandfoodslc@yahoo.com
Hops Vending & Coffee Service	none provided	W.W. Horsely (Route Mgr & Operator)	317-272-5191 billhorse@juno.com

"BUYINDIANA" VENDORS

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<u>COMPANY</u>	<u>ADDRESS</u>	<u>CONTACT PERSON</u>	<u>CONTACT INFORMATION</u>
Interstate Industrial Supply, Inc.	4099 Royal Oak Court New Albany, IN 47150	Cathy Stotts	812-949-8696 Interstate@insightbb.com
JA-AN Services	2426 Chase Street Gary, IN 46404	Antuan Barnes (Acct Manager)	219-746-3996 antuanebarnes@prodigy.net
JEC	1 Prestige Place, Suite 270 Miamisburg, OH 45342-6146	Clayton Luckie (Director of Mktg & Sales)	937-435-5401
L. J. Food Distribution Inc.	9750 Indiana Parkway Suite 3 Munster, IN 46321	Bob Powers Lampton Jones	219-924-7810 ljfoodsinc@msn.com
Lapsley, Inc.	P. O. Box 10606 Fort Wayne, IN 46853-0606	Donita Mudd (President)	260-745-3265 dmudd@lapsleyinc.com
Lasting Images of Indy	2050 Oak Run North Drive Indianapolis, IN 46260	Carl & Peggy Rice	317-876-0802 Fax# 317-875-5979 crice875@aol.com
LHP Software, LLC	305 Franklin Street Columbus, IN 47201	Ryan Hou (President)	812-373-0870 ryan.hou@lhpsoftware.com
Lumen O Citi	9465 Counselors Row Suite 102 Indianapolis, IN 46240	Diane Soper	317-663-0088 dsoper@lumenociti.com
Matrix Solutions			
Mission Coffee & Tea Service	4130 Englewood Drive, Suite 101 Indianapolis, IN 46226	Janet Harris (owner)	317-578-8696 info@missioncoffeeandtea.com www.missioncoffeeandtea.com
Netwise Resouces	217 West 10th Street Suite 120 Indianapolis, IN 46202	Mark Gibson (President)	317-475-9519 Ext. 110 mg@netwiseresources.com

"BUYINDIANA" VENDORS

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Newmann Communications, Inc.	301 E. Carmel Drive Suite G 300-3 Carmel, IN 46032	Vicki Neumann- Steadman	317-843-1540
Paragon Promotional Imaging, LLC	P. O. Box 501968 Indianapolis, IN 46250	Anita Smith	317-598-0270 images@paragonpromo.com
pda Worldwide	7260 Georgetown Road Indianapolis, IN 46268	Samatha Hutchinson- Delgadillo (Pres)	317-295-3032 Samatha@pdaworldwide.com
Repro Graphics, Inc.	437 N. Illinois Street Indianapolis, IN 46204	Jill W. Hall (President)	317-637-3377 jhall@reprographix.com
Rite Quality Office Supplies, Inc.	710 N. Washington, St. Kokomo, IN 46901	Doug Vaughn (President)	765-459-4788 riteq@netusal.net
Stanz Food Service	P.O. Box 24 South Bend, IN 46624	Tom Godfrey (VP Sales & Mktg)	800-342-5664 tgodfrey@stanz.com www.stanz.com
Stuart's Moving and Storage, Inc.	P. O. Box 44028 Indianapolis, IN 46244-0028	Jacqueline A. Stuart	317-924-0505
Sue's Family Bakery and Catering	5806 Central Avenue Portage, IN 46368	Gladys Acevedo	219-763-3008
Team Cruiser Conversion Company	3748 West Morris Street Indianapolis, IN 46241	Richard Kanehl (General Mgr)	317-808-1507 dkanehl@teamcruiser.com
Tyseal Systems, Inc.	13401 Britton Park Rd., 1-C Fishers, IN 46038	Geoff Tyson (President)	317-577-9890 ty.seal@sbcglobal.net
U.S. Imaging of Indiana, Inc.	8481 Bash Street Suite 900 Indianapolis, IN 46250	Mary Jo Gremling (Director of Operations)	317-849-8853 mjpg@usinfoindiana.com

"BUYINDIANA" VENDORS

Attachment D

<u>COMPANY</u>	<u>ADDRESS</u>	<u>CONTACT PERSON</u>	<u>CONTACT INFORMATION</u>
Williams Cylinders & Controls, Inc.	2450 Production Drive Indianapolis, IN 46241	Rob Steele (Marketing Consultant)	317-487-2060 steelerj@bluemarble.net
Wireless Business Solutions	8766 E 96th Street Fisher, IN 46038	Bob Logan (Managing Director)	317-577-9503 blogan@wirelessbusiness solutions.biz
Wright Fit Uniforms, Inc.	6045 S. Halsted Street Chicago, IL 60621	Barbara Wright (President)	773-873-7760 wright.fit@sbcglobal.net
3'D Trophy & Engraving Co., Inc.	3335 North Keystone Avenue Indianapolis, IN 46218	David B. Mayes, II (President)	317-925-5777
Other			
5 A. I. King Insurance Agency, Inc.	8604 Allisonville Rd. Suite 210, P. O. Box 50306 Indianapolis, IN 46250	Al Brown	317-841-6004 albrown@aikinginsurance.com
Coleman Graham & Stevenson, LLC	300 E. Fall Creek Pkwy N. Dr, Suite 200 Indianapolis, IN 46205	Clayton A. Graham	317-920-1080 cgraham@cgslegal.com
Figment Group Inc.	2362 N. US. Highway 35 LaPorte, IN 46350	Mary L. Wellnitz Stephanie D. Toth- Olson	219 326-8880 figmentgroup3@yahoo.com
Howard Benefits Group	Box 1684 Noblesville, IN 46061-1684	Lisa Howard	800-772-8171 Fax# 317-776-3704
King & Associates	7934 North Richardt Street Indianapolis, IN 46256	Warren E. King	317-849-3019 warreneking@earthlink.net
ProMed Medical Mgmt, Inc.	P. O. Box 304 Carmel, IN 46082	Diana Maxam (Medical Case Manager)	317-566-9117 dianamaxam@promedmedical.net

"BUYINDIANA" VENDORS

Attachment D

<u>COMPANY</u>	<u>ADDRESS</u>	<u>CONTACT PERSON</u>	<u>CONTACT INFORMATION</u>
RepuCare	4735 Statesmen Drive Suite B Indianapolis, IN 46250	Billie K. Dragoo (President/CEO)	317-578-2858 bdragoo@repucare.com
Resource Development Group, LLC	8829 Anchor Bay Court Suite B Indianapolis, IN 46236	Jeffrey J. Bowe Regional Vice President	317-826-5323 jeffbowe@ResourceDevelopment Group.com
Seven Three Development Corp.	3921 North Meridian Street Indianapolis, IN 46208	David Evans (Development Mgr)	317-926-5547 devans@cagi-in.org
Taylor Insurance	8470 Allison Pointe Blvd, Suite 100 Indianapolils, IN 46250	Randy Taylor (President/CEO)	317-713-6796 rtaylor@taylor-insurance- services.com

Attachment 3

To

Executive Summary
Indiana Public Higher Education Institutions' Report
in Response to Senate Enrolled Act No. 474
December 29, 2005

**FINAL REPORT OF RISK MANAGEMENT
AND ENVIRONMENTAL HEALTH AND SAFETY
WORKING GROUP**

December 14, 2005

The Risk Management and Environmental Health and Safety Working Group (Working Group) held their first meeting on May 4, 2005 to discuss potential initiatives resulting in cost savings and/or quality improvement opportunities by coordinating and aggregating purchases as a group. The Working Group was one of several groups formed by the chief financial officers (CFOs) of the Indiana public universities as a result of a request from the university presidents. A list of the participants, by institution, is shown in Appendix A.

The first report of the Working Group (Appendix B) identified risk transfer and risk financing joint initiatives as well as the group purchase of property insurance as vehicles to be further explored. With regard to Environmental Health and Safety issues, it was recommended that a joint purchasing contract for the disposal of hazardous, biochemical, and radioactive waste be explored in order to leverage purchasing power.

On July 19, 2005 the Insurance and Risk Management subcommittee of the Working Group met to further discuss the pros and cons to alternative risk financing strategies. Invited to discuss options with the subcommittee and next steps in the process were John P. McLaughlin and Miles Shepp, Gallagher Higher Education Practice Group of Arthur J. Gallagher Risk Management Services. An initial survey of the types of coverage currently in force and carrier providers revealed some commonalities, particularly with Property/Boiler & Machinery.

As a result of this meeting the Insurance and Risk Management subcommittee recommended to the CFOs, in a interim report dated August 18, 2005 (Appendix C), a consultant be retained to conduct a feasibility/evaluation study, assist in the collection of data, and, if necessary, prepare a RFP for insurance brokers/carriers to solicit market quotes. With regards to the Environmental Health and Safety it was recommended that to determine if any cost savings could be generated for the institutions as a whole it would be necessary to prepare a RFP and solicit quotes from qualified waste disposal operators.

At a meeting of the CFOs held on September 19, 2005 the Working group was given direction to prepare a RFP for insurance/risk management consulting services as well as a RFP for waste disposal services. The CFOs noted at this meeting that recently enacted Senate Bill 474 required the following:

Effective July 1, 2005, the Indiana Code concerning state and local administration was amended to require (reference Senate Bill No. 474):

“(a) The state educational institutions (as defined in IC 20-12-0.5-1) shall cooperate to compile and submit a report to the budget committee and the legislative council (in an electronic format under IC 5-14-6), not later than December 31, 2005, concerning the following:

(1) The joint purchasing by state educational institutions of the following types of insurance: (a) Life insurance, (b) Health insurance, (c) Property insurance, (d) supplemental insurance, including dental and vision insurance, (e) Disability insurance, (f) Worker’s compensation coverage, and (g) Other insurance offered by a state educational institution.

(2) The possible ramifications, costs, and cost savings in joining together to purchase the insurance specified in subdivision (1).

(3) The joint purchasing of other materials, supplies, and services by the state educational institutions and the ramifications, costs, and cost savings in jointly purchasing these materials, supplies, and services.”

This legislative action applies to the following Indiana public universities:

Ball State University
Indiana University
Indiana State University
Ivy Tech Community College
Purdue University
University of Southern Indiana
Vincennes University

The initial focus of the feasibility study for insurance and risk management was to be on the joint financing of property loss exposures. To that end a RFP was prepared to retain a consultant and sent to the following risk management consultants on November 9, 2005 with a return date no later than November 30, 2005:

ARM Tech Risk Consultants
Betterley Risk Consultants, Inc
CORE Risk Services
McNeary Risk Management Consulting
Kevin F. Donoghue & Associates
Insurance Audit & Inspection Company
Deloitte Consulting LLP

Only one of the identified consultants, Betterley Risk Consultants, declined to submit a proposal.

Based upon a review of the proposals two of the consultants, ARM Tech and Insurance Audit & Inspection Company, have been asked to make a presentation to the Insurance and Risk Management subcommittee on December 20, 2005. The subcommittee will make a recommendation following these presentations that one of the firms be retained to complete the following as set forth in the RFP document:

- Identifying all feasible options for the joint financing of property loss exposures to be recommended to the CFOs of each institution for further discussion.
- Identify, demonstrate, and recommend the most cost effective single financing option via study results or competitive bid process, depending on the ultimate recommendation.
- Identify any current or potential issues on individual campuses that may hinder the ability to provide for the combined financing of property loss exposures.

Specific duties are to include the following:

- Conduct on-site and telephonic fact-finding meetings, as necessary, to understand how each entity currently finances its individual property exposures. Consultant will be encouraged to work with risk management professionals at each institution and utilize existing information as available.
- Analyze the exposures, premiums, and losses of the property programs, individually and as a group. Determine the estimated costs of loss, excess insurance and trust costs, or re-insurance, fronting capitalization requirements, taxes and services fees (formations and license fees, management, auditing, legal, actuarial, etc.) for each feasible financing option.
- Assist in the preparation and distribution of a RFQ or RFP as may be necessary to determine the most cost effective options.
- Quantify savings associated with each feasible option by summarizing findings and making a final recommendation via a formal report.
- Depending on the implementation of any recommendations, assist in a final program review to provide qualitative and quantitative assurance the program purchased or implemented meets specifications.

The Environmental Health and Safety subcommittee has completed a draft RFP for the joint purchase of services for the removal and disposal of hazardous chemical waste from each campus. The draft RFP has been referred to the Purchasing Working Group for their input and distribution to vendors in the Midwest who have expressed an interest in providing these services.

**RISK MANAGEMENT/ENVIRONMENTAL SAFETY
WORKING GROUP MEMBERS**

Ball State University

Kevin Kenyon, Associate Vice President, Facilities Management and Planning
kkenyon@bsu.edu

William McCune, Associate Vice President, Controller and Business Services
wmccune@bsu.edu

Indiana State University

Dave Ellis, Director Office of Environmental Safety
amsellis@isugw.indstate.edu

Diann McKee, Assistant Vice President, University Budget Officer
plbmckee@isugw.indstate.edu

Sherry O'Neal, Risk Manager
amsoneal@isugw.indstate.edu

Indiana University

Ted Alexander, Director Environmental Health and Safety
tealexan@indiana.edu

Mike Jenson, Associate Director Environmental Health and Safety
mjenson@indiana.edu

Larry Stephens, Office of Risk Management
stephenl@indiana.edu

Purdue

Mark Kebert, Risk Manager
kebert@purdue.edu

John Shipley, Controller
jshipley@purdue.edu

Vincennes

Steve Riggins, Purchasing
sriggins@vinu.edu

University of Southern Indiana

John Hunt, Associate Director of Environmental and Safety Services
jhunt@usi.edu

**UNIVERSITY RISK MANAGEMENT AND INSURANCE/ENVIRONMENTAL
HEALTH AND SAFETY**

Risk Management and Environmental Health and Safety professionals provide a variety of services to their respective institutions in the areas of property, casualty, and liability insurance procurement; loss control, disposal of hazardous, biochemical, and radioactive waste; OSHA compliance and training; and resolving indoor air quality issues. Each institution has differing levels of staffing and resources devoted to these areas based on the size and mission of the institution.

The Risk Management and Insurance/Environmental Safety Working Group is charged with identifying potential cost savings and/or quality improvement opportunities by coordinating and aggregating purchases as a group or as a part of a larger group. To this end the Working Group met on the campus of Indiana State University on May 4, 2005 to discuss potential initiatives that may be recommended to the CFOs for further study.

INSURANCE/RISK MANAGEMENT

Each public institution of higher education purchases property, casualty, and liability insurance based on the particular needs and exposures of the institution. There are currently differing renewal dates, types and levels of coverage, limits, deductibles and risk retention for each institution. The Working Group explored areas of common interest to determine possibilities for cost sharing or coordination. Risk transfer and risk financing joint initiatives in the form of a Risk Purchasing Group or Risk Retention Group appear to present the best possibilities for further exploration, although the possibility exists of an informal group purchase of property insurance arrangement.

The Federal Risk Retention Act of 1986 allows for the formation of Risk Purchasing Groups (RPG) and Risk Retention Groups (RRG) for the purchase of liability coverage by entities engaged in similar businesses or activities. A RPG allows for the group purchase of liability coverage from an insurer with the insurer issuing the policy and serving as the risk bearer. A RRG writes the liability coverage for group members and retains the risk, essentially acting as a captive insurance company. The Working Group recommends further study of the formation of a Risk Purchasing Group and Risk Retention Group as outlined below, in the following priority order:

1. Risk Purchasing Group – Each institution would purchase primary liability coverage, with the risk purchasing group purchasing excess coverage above the primary coverage level. A formal organization would be required with incorporation. A RPG would not require any formal capitalization.

2. Risk Retention Group/Captive – As with the RPG each institution would buy primary liability coverage. However, the RRG or captive would assume the additional levels of risk and purchase reinsurance. All institutions would share some risk in the RRG or captive. A formal organization would be required with a certain level of capitalization ranging from \$500,000 to \$1 million for each institution.

If a captive were formed, property insurance, and possibly worker's compensation, could be included along with liability insurance.

ENVIRONMENTAL HEALTH AND SAFETY

The Environmental Health and Safety area purchases a variety of goods and services such as asbestos abatement and removal, hazardous waste disposal, personal protective equipment, and sampling services, to name a few. Various forms of safety training are also provided to employees each year by Environmental Health and Safety staff to reduce workplace injuries. In order to leverage purchasing power, and perhaps obtain preferred pricing, the Working Group recommends the following for further review and study:

1. Statewide Joint Purchasing Contracts – A joint purchasing contract for the disposal of hazardous, biochemical, and radioactive waste. Other areas benefiting from joint contracts could include the purchase of personal protective equipment, asbestos abatement and removal, indoor air quality sampling and other related testing, fire extinguisher testing and refilling, and sprinkler system inspections.

The Working Group also discussed the possibility of establishing a centralized training function for OSHA compliance and emergency preparedness that all institutions could access to meet training needs.

NEXT STEPS

With the consent of the institution's CFOs, the Working Group recommends preliminary discussions be held with insurance industry representatives to solicit input regarding the steps involved to establish a RPG or a RRG. This would allow for the gathering of additional information to further determine the benefits and challenges of such an initiative.

The Working Group also recommends that further discussion be held to determine the feasibility of establishing a centralized risk management team to provide a pool of training resources and information that would provide support to all institutions.

**INTERIM REPORT OF RISK MANAGEMENT
AND ENVIRONMENTAL HEALTH AND SAFETY
WORKING GROUP**

AUGUST 18, 2005

The Working Group was asked by the CFOs of the public institutions of higher education to further explore alternative risk financing options and identify potential cost savings. In addition, the Working Group was also asked to evaluate the feasibility of a joint purchasing contract for the disposal of biochemical and hazardous waste along with an estimate of cost savings to the institutions.

To complete the task assigned, the overall Working Group formed two subcommittees; one for Insurance/Risk Management and a second dealing with Environmental Health and Safety.

Insurance/Risk Management

The Insurance/Risk Management subcommittee met on July 19, 2005 in Indianapolis to further discuss the pros and cons to alternative risk financing strategies as outlined in the first Working Group report as well as what the next steps would be to quantify any potential cost savings. Invited to discuss with us options and next steps were John P. McLaughlin and Miles Shepp, Gallagher Higher Education Practice Group of Arthur J. Gallagher Risk Management Services.

Representatives from Gallagher focused their discussion on the following key points:

- Alternative Risk Financing Options
- Eligible Products and Services
- Vendor Relationships
- Insurance Coverages – Impact and Opportunities
- Timing, Commitment, and Costs

It was discussed that historically, the driving force behind the formation of purchasing consortiums, Risk Purchasing Groups (RPG), and Risk Retention Groups (RRG) relates to the ability of organizations to have access to certain types of coverage that would not be available or affordable individually. Cost savings has often been a secondary consideration. The conclusion of the subcommittee is that while both an RPG and a RRG appear to be reasonable options, the formation of such an initiative involves a strong commitment and buy-in from all of the institutions. Some institutions may derive a greater benefit than others both in terms of cost savings and access to coverage. The

formation of a group consortium may alter or terminate existing relationships with brokers/carriers.

In order to quantify any potential cost savings it will be necessary to identify what type of coverages might lend themselves to some sort of consortium. The subcommittee made an initial survey of the types of coverage currently in force and carrier providers. Some commonalities identified include:

- Student Travel Liability
- Media Cyber Liability
- Excess Liability
- Property/Boiler & Machinery

However, a consultant is needed to assess feasibility and provide an independent evaluation of these coverages and others that could possibly be combined into a RPG or other type of consortium.

If the consensus of the CFOs is for the Working Group to continue to explore the feasibility and potential cost savings to Indiana public higher education as a group, the subcommittee recommends an inter-university agreement be developed establishing a cooperative entity with one institution designated as the lead institution. An inter-university agreement would outline the responsibilities of each institution, allow for the retention of an independent risk management consultant, and indicate how the cost of the consultant would be allocated between the institutions.

The role of the consultant may include; conducting a feasibility/evaluation study, assisting in the collection of data, preparing an RFP, and soliciting market quotes from insurance brokers/carriers. Based on informal inquiry, it is estimated the cost of an independent consultant to complete these tasks could exceed \$200,000 with the time needed to collect and evaluate data, prepare an RFP, and solicit and analyze market quotes to be approximately one year.

In addition to the shared cost of a consultant for each institution there may be the need to hire additional staff to assist with data collection, review, etc. Actuarial studies for each institution may also be needed.

Environmental Health and Safety

The Environmental Health and Safety subcommittee continues to review the feasibility of a joint waste disposal contract. There would appear to be only four or five companies in the Midwest who might have the interest or capacity to provide the level of service needed. Issues regarding legal liability and regulatory requirements would need to be resolved.

In order to quantify the amount of any potential savings it will necessary to prepare a joint RFP to solicit quotes from vendors. Time would be needed to adequately

prepare the RFP with input from the respective University legal counsels regarding any identified liability issues.

Conclusion

At this point in our review process the Working Group feels it is necessary to have some additional direction from the Chief Financial Officers. As outlined above, the preparation of an RFP would be necessary to determine whether any savings could be gained both for the joint purchase of insurance or waste disposal. This process would need to include adequate time to put together an RFP and review quotes from vendors.

Attachment 4

To

Executive Summary
Indiana Public Higher Education Institutions' Report
in Response to Senate Enrolled Act No. 474
December 29, 2005